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SUBJECT: POLICY PLANNING TRILATERAL, SESSION 1: THE KOREAN
PENINSULA

Classified By: A/DCM Joseph Yun. Reasons 1.4 (b/d)

SUMMARY

1. (C) During Session 1 of the January 11 U.S.-ROK-Japan Policy Planning Talks, ROK Deputy Foreign Minister Park In-kook, Japanese Deputy Vice Minister Masaharu Kono, and S/P Director Stephen R. Krasner outlined their respective countries' foreign policy priorities and strategies toward North Korea and their views of East Asian institutions and architecture.

ROK: Park emphasized that Seoul's policy toward North Korea consisted of the tenets: zero tolerance for the DPRK's nuclear programs; peaceful denuclearization; and an active ROKG role in the Six Party Talks (6PT). While the ROKG did not have an official position on the future of the DPRK, local experts assessed that the DPRK could be transformed by a mixture of economic engagement and the attitudes of external actors, particularly the United States and China. Seoul also expected that this would eventually lead to Korean unification.

Japan: Kono noted that Tokyo could not afford to wait indefinitely for North Korea to change because it was a matter of Japanese security and insisted that the DPRK and PRC needed to do more to make progress at the 6PT.

U.S.: S/P Director Krasner emphasized that the USG was committed to a successful 6PT to achieve North Korean denuclearization and that the September 2005 Joint Statement needed to be implemented. It was gratifying that Seoul continued to suspend its food and fertilizer shipments until the DPRK demonstrated progress on denuclearization. PRC and ROK should structure their economic exchanges with the North to encourage reciprocity and change in North Korea, Krasner said.

The three delegations also exchanged views on the need for more interest-based structures to improve Asian institutions and architecture. END SUMMARY.

ROK VIEWS ON NORTH KOREA, 6PT

2. (C) ROK Deputy Foreign Minister for Policy Planning and International Organizations Park In-kook described the two pillars of Seoul's Peace and Prosperity policy. The ROKG sought a peaceful resolution of the DPRK nuclear issue and

wanted to address security issues through confidence-building measures, denuclearization of the Peninsula, and the transformation of the Armistice Agreement into a permanent peace regime. Seoul would pursue denuclearization following three tenets: zero tolerance for the DPRK's nuclear programs; peaceful denuclearization; and an active ROKG role. A peace treaty between the Koreans backed by assurances from neighboring states was also important to Seoul and the region. Seoul welcomed President Bush's comments in Hanoi in November that indicated that the USG, if favorable conditions arose, would be willing to discuss a peace regime with the DPRK. Greater security cooperation would advance the ROKG's second goal of increased prosperity, for Korea and the region.

13. (C) MOFAT North American Affairs Division I Director Hahn Choong-hee (soon to become Deputy Director General for Nuclear Affairs) said that at the 6PT talks in December, all sides expressed frustration at the lack of progress, but there was hope the Talks would resume soon. On the positive side, the U.S. delegation offered substantial proposals. U.S. and DPRK delegates held ten hours of talks on financial issues related to Banco Delta Asia. DPRK head negotiator Kim Kye-gwan had told ROKG counterparts that he was impressed by the U.S. preparations which would serve as the basis for further progress, Hahn reported. On the negative side, the DPRK continued to use BDA as a precondition, Hahn continued. Kim Kye-gwan in his formal presentations distinguished between the North's nuclear weapons and its nuclear programs. Kim had claimed the North could discuss freezing its nuclear programs and allow IAEA inspections, but the North wanted to keep its weapons until U.S. "hostile" policy was resolved. Hahn said Kim Kye-gwan had summed up the importance of BDA in Beijing by offering the formula "BDA or denuclearization" (using the Korean word "be-haek-hwa"), indicating that

Washington would have to allow resolution of BDA in order to make progress on denuclearization

14. (C) Foreign Minister Song Min-soon in January with Secretary Rice agreed that Washington and Seoul needed to

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present a unified front toward the DPRK and that if the DPRK had a constructive response, the 6PT might be resumed sooner rather than later, Hahn said. In addition to close U.S.-ROK-Japan coordination on North Korea, it might be worth expanding consultations to include China, he said. Song would meet his Chinese counterpart at the ASEAN 3 meeting in the Philippines and was likely to visit Beijing in late January. Finally, Hahn said, additional DPRK nuclear tests would only serve to further isolate Pyongyang.

ROK VIEWS ON FUTURE OF NORTH KOREA

16. (C) Turning to the future of North Korea, Park said the biggest variables were the inter-Korean relationship, internal DPRK developments, and the international environment, particularly the attitudes of the United States and China. Park cited a 2004 survey of 100 non-government experts on North Korea in which a majority of experts predicted that the North Korean political system would be transformed by a mixture of engagement and the policies of other nations, rather than from internal change. Among the experts, 15 percent expected a peaceful integration (like Yemen), 30 percent saw a unification by default (like Germany), 3 percent saw unification by war (like Vietnam), and 30 percent chose a mix between peaceful integration or default unification. This indicated, to Park, that the South's engagement policy could play a significant role in helping to transform the DPRK regime.

17. (C) Park explained that the survey indicated that economics would be the driving factor in DPRK thinking. This was why, to Park, the Kaesong Industrial Complex (KIC) should showcase market economic principles in North Korea. If the North were to benefit from China's experience with special economic zones, then the North needed the KIC to learn.

After apparent North Korean economic reforms in July 2002, progress had stalled, which indicated to the experts that the North could not execute reforms by itself. Attempts to create special economic zones in Rajin-Sonbong and Sinuiju had failed, but KIC was developing. Despite economic problems, however, the experts predicted that sudden instability in the North or a decline in the power of the ruling party was unlikely, riot or coups were even more unlikely. The survey found that the experts thought that unification probably would not happen for 20 years.

18. (C) Still, the North would face a tougher external environment, Park continued. China would probably seek to avoid rocking the boat until after the 2008 Beijing Olympics and the 2010 Shanghai World Expo, but the survey expected eventual change in the Chinese relationship with North Korea.

A "fourth generation" of Chinese leaders were coming to see North Korea more of a burden and might downgrade the relationship from "blood brothers" to "regular" or "normal" relations. Finally, the survey found that 90 percent of the experts believed reform in the North would need more cooperation from the South and an improved relationship with the United States.

19. (C) Park concluded by emphasizing his take on the key issues. In the short run, the 6PT should focus on an "early harvest" to quicken progress towards denuclearization. Ultimately, denuclearization would lead to replacing the Armistice Agreement with a peace regime and a multilateral security dialogue that might be modeled after the Helsinki formula. In the short run, he said, we needed to encourage an active Chinese role to get North Korea to make progress at the 6PT, but longer term he hoped that the Chinese-North Korean relations would weaken. Park said that liberal elements within North Korea should be encouraged. Park cited a local media report that compared the composition of the top 50 figures in North Korea between 1994 and 2006, noting a power shift toward the military and Korean Workers' Party and away from government officials.

JAPANESE VIEWS OF NORTH KOREA

10. (C) Japanese Vice Minister Kono said that Tokyo would like the luxury of being able to consider longer term issues, like the future of North Korea, but the DPRK's missile launches in July and nuclear test in October compelled a more immediate focus because, "goddamit, it is a matter of national security." The Japanese view of the last round of the 6PT could be summarized as "frustration, anger, and disappointment." Tokyo had hoped for discussions of an "early harvest" and of making some progress, but this was not the case. Kono agreed that Beijing wanted stability before the 2008 and 2010 events, but PRC leaders should recognize that the DPRK's inaction showed that Pyongyang was not listening to China.

11. (C) Kono said that if the North wanted greater economic cooperation, there was a role for South Korea, and if the North wanted security assurances, there was a role for the United States, but what would be Japan's role beyond simply implementing UNSCR 1718, he asked. Japan had relatively limited leverage, he said. On top of that, Tokyo had other important issues that it needed to raise but were not centrally related to the 6PT, such as the abduction issue, which was only worsening with time as the relatives aged. The DPRK's nuclear and missile programs undermined peace and a possible DPRK collapse threatened prosperity in the region, putting the North directly at odds with the South's Peace and Prosperity policy.

12. (C) Kono concluded by saying that Tokyo hoped to normalize its relations with Pyongyang and play a role in the peaceful reunification of the Peninsula. A country of 70 million Koreans would have a big role in Asia and the world economy. Japan also sought to work together with the United States and South Korea, especially within the 6PT, to improve coordination and cooperation. Kono also mentioned that the

KIC could play a strategic role in clearing the way for a "soft landing" in North Korea.

U.S. VIEWS OF NORTH KOREA

¶13. (C) S/P Director Stephen D. Krasner emphasized that the USG remained committed to successful Six Party Talks and the denuclearization of North Korea. The September 2005 Joint Statement provided the fundamental set of principles to work on. The USG had numerous bilateral conversations with North Korean counterparts within the context of the 6PT. An "early harvest" was important to show some degree of progress. The BDA matter was a legal issue, but the U.S. was prepared to handle it flexibly within the limits of U.S. law. The USG would like to see a peace regime replace the Armistice Agreement. What was important now was to make progress at the 6PT.

¶14. (C) Krasner said that it was gratifying that Seoul continued to suspend its food and fertilizer shipments to North Korea until the North demonstrated progress on denuclearization. PRC and ROK measures to structure economic exchanges with the North so that they encouraged reciprocity and change in North Korea was fundamental. For example, labor contracts might be handled differently at the KIC, and food aid (when resumed) might be revised to allow more monitoring to target the aid to the needy rather than the regime. Although it was unclear how much the U.S., ROK and Japan could influence North Korea, we should seek to encourage a trajectory that would benefit peace and prosperity in the long run. Perhaps some combination of North Korean interactions with the ROK and security assurances from the USG might be needed, but words alone might not be enough to convince the DPRK.

¶15. (C) Looking ahead, Krasner continued, should the North refuse to honor its commitment made in 2005 to denuclearize the immediate security threat remained, but a proliferation threat would also increase. He stressed that a suspicion of nuclear proliferation would be seen as a direct threat to U.S. security and U.S. leaders would have to react. Proliferation would threaten not only the United States, so we all needed to take action to denuclearize the DPRK in the short run.

RESPONSES

¶16. (C) Park commented on Kono's characterization of Japanese frustration saying that Tokyo should play a key role. During the 1992-1994 nuclear crisis, before the 6PT, some thought Beijing had a limited role; China did not even join the Korean Peninsula Energy Development Organization. Now China was engaged and ready to act. Park said he fully sympathized with the abduction issue, and Japanese delegates should raise the issue, but perhaps as a legal issue on the sidelines of the 6PT. If Japan seemed preoccupied with a single issue, the DPRK might assess that Japan was not serious about normalization with the North, and this might hurt the 6PT. Park agreed that we should not give the impression of divisions among Seoul, Washington, and Tokyo. Kono interjected that Tokyo hoped to talk about abductions on the sidelines of 6PT, not in the Plenary session, but the DPRK was not cooperative.

¶17. (C) Krasner commented that, frankly speaking, the three capitals did not have the same exact preference functions. Beijing and Seoul seemed more concerned about a possible DPRK collapse. North-South economic interactions were understandable in the long run. In the short run, however, the lack of reciprocity in terms of food monitoring and KIC transparency limited the potential to encourage DPRK reform through transparent market economics and targeted assistance programs.

¶18. (C) Asked whether Kim Jong-il's personality cult was an obstacle to DPRK economic reform, Park countered that Kim

Jong-il's influence meant that he could bring about reforms if he wanted to. Were Kim Jong-il to change his mind, then significant progress toward reforms could be made. Park agreed that reciprocity was important, and the lack of reciprocity explained, in part, why the South had taken steps to alter its approach. ROK humanitarian aid stopped in the wake of the July missile launches. The ROKG also supported the UNGA resolution on human rights in the DPRK. In Park's view, the Helsinki process allowed for a nuanced approach, rather than a strict calculation of reciprocity. The KIC was just in its initial steps and the South only paid around \$600,000 in wages per month for wages in the KIC. Future plans, however, called for a project that would be larger than the island of Manhattan, and compared to the project to build light water reactors in the DPRK, KIC was more strategically located and could have a larger impact supporting reform in North Korea.

EAST ASIAN INSTITUTIONS AND ARCHITECTURE

¶19. (C) Park noted that globalization deepened inter-dependence and had led to a habit of dialogue. While security dialogue in Asia had been slow, there was an increased range of non-traditional security dialogue that discussed HIV, avian influenza, drugs, environment, and natural disasters. Asia had a unique security relationship with the United States because of its bilateral alliances with Washington. Park added that regional economic frameworks gained new momentum thanks to FTA talks.

¶20. (C) Kono opined that the ASEAN Regional Forum was not functioning well. The 6PT, hopefully, would lead to a stronger confidence-building mechanism. Kono raised several questions that had yet to be answered in the region: does Asia have its own set of common values; what was "Asia;" should Russia, Australia, and New Zealand be considered Asian? Kono emphasized that Japan had a special relationship with the United States. A U.S.-Japan-Australia strategic dialogue also existed, and he suggested that this might be expanded one day to include India. The U.S.-Japan-ROK relationship, Kono said, could be a beam to strengthen our joint house of security.

¶21. (C) Krasner noted that "Asian values" and the term "Asian" were hard to define. Asia consisted of diverse countries with large populations, and while there might be some Asian architecture that focused on Asia, we also needed Pacific architecture that included the United States. Now there was an alphabet soup of groupings, ARF, ASEAN, ASEAN 3, and EAS to name a few, but what were their functions? The USG had a strong commitment to APEC, which played a role on economic issues and more recently on terrorism as well. The USG would like to see more success in U.S.-ROK FTA talks, which would serve both of our interests. We should also

consider to what extent did we want the Asian architecture held hostage to the 6PT. Perhaps cooperation among the five parties, excluding North Korea, needed to be considered, in part to show North Korea the costs should it fail to make progress on denuclearization.

¶22. (C) In looking to develop Asian institutions, a value-based approach might be difficult, Krasner said, because looking at China, not all countries shared the same values. CBMs would be too distinctive to apply across the board. An interest-based approach, however, could work. NATO was reaching out to partner countries Japan, Korea, and Australia, because member countries shared a common purpose, such as peacekeeping and disaster relief. It was increasingly important for organizations beyond the UN to contribute, and NATO was an obvious candidate. The Proliferation Security Initiative (PSI) was another example of something based on UNSC statements that countries could volunteer to participate in. The options were to use existing institutions in new ways or building like-minded groups for specific needs, like PSI. Touching on Kono's comment on including India in four-way talks, Krasner said

that it might be problematic if in adding India it made the grouping appear to be anti-Chinese. Washington, of course, would welcome stronger trilateral cooperation with Seoul and Tokyo, something more integrated than U.S.-ROK or U.S.-Japanese bilateral cooperation. The key was to find solid beams to build our security house. For the United States, Asia was central for U.S. interests, and Washington wanted to play a stabilizing role.

¶23. (C) Asked about improving relations with NATO, Park said that after the November 2006 Riga summit, it was not clear to Seoul what the NATO initiative meant. The ROK would reinforce dialogue with NATO, but Seoul was still waiting to hear what NATO was proposing, having heard that some NATO countries (France) might have different ideas. In contrast, Kono said that Tokyo was dead serious about a partnership with NATO. NATO and Japan were already operating in parallel, in terms of providing disaster relief to Pakistan, and working together in Afghanistan. Prime Minister Abe would soon visit Brussels to hold discussions at the North Atlantic Council. Japan remained very interested in increasing cooperation with NATO, Kono said, adding that PSI might be a model for ways to form future interest-based grouping in Asia.

¶24. (U) Participants in the meeting included:

United States

Stephen D. Krasner, Director, Policy Planning Staff
James Green, Special Assistant to the Director
William Inboden, Senior Director for Strategic Planning, NSC
Andrew Ou, East Asian and Pacific Affairs Bureau, Korea Desk Officer
Joseph Yun, Political Minister Counselor, Embassy Seoul
Brian McFeeters, Political External Unit Chief, Embassy Seoul

Michael Kleine, Political Officer, Embassy Seoul
Lee MacTaggart, Economic Officer, Embassy Seoul
Andrew Bennett, Political Officer, Embassy Seoul (notetaker)

South Korea

Park In-kook, Deputy Minister for Policy Planning and International Organizations, Ministry of Foreign Affairs and Trade (MOFAT)
Park Yoon-june, Senior Coordinator for Policy Planning, MOFAT
Kim Hyung-kil, Director, Policy Planning and Coordination Division, MOFAT
Hahn Choong-hee, Director, North American Affairs Division I, MOFAT
Yu Joon-ha, Director, Inter-Korean Policy Division, MOFAT
Kim, Chang-sik, Director, Security Policy Division, MOFAT
Moon Duk-ho, North Korean Nuclear Affairs Division I, MOFAT
Hwang Kyung-tae, Deputy Director, Policy Planning Division, MOFAT
Notetaker

Japan

Kono Masaharu, Deputy Vice Minister for Foreign Policy, Ministry of Foreign Affairs (MOFA)
Fujita Shinya, Deputy Director Policy Planning Division, MOFA
Aiboshi, Political Minister Counselor, Embassy of Japan (Seoul)
Sunami Akihiko, First Secretary, Embassy of Japan (Seoul)

¶25. (U) The delegation approved this cable.

STANTON